

Message Text

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ACTION EB-11

INFO OCT-01 AF-10 EUR-25 IO-14 ISO-00 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08

L-03 LAB-06 NSAE-00 NSC-10 PA-04 RSC-01 AID-20

CIEP-02 SS-20 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01

SPC-03 FEA-02 OMB-01 SAM-01 DRC-01 /206 W

----- 120067

R 201345Z FEB 74

FM AMEMBASSY TUNIS

TO SECSTATE WASHDC 4539

AMEMBASSY ROME

INFO USINT ALGIERS

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

USMISSION GENEVA

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY RABAT

LIMITED OFFICIAL USE SECTION 1 OF 2 TUNIS 973

E.O. 11652: N/A

TAGS: ETRD, GATT, EEC, TS

SUBJ: GOT POSITION ON RECIPROCITY TOWARD EC

REF: STATE 029674

1. SUMMARY. DESPITE PAST ASSURANCES FROM HIGH GOT OFFICIALS
THAT UNSIAI IS OPPOSED TO GRANTING REVERSE PREFERENCES
TO EC AND PYOBABLE TUNISIAN CONFIDENCE THAT SHORTAGE OF
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ENERGY STRENGTHENS TUNISIAN BARGAINING POSITION, SOME

TUNISIAN OFFICIALS FAVOR RECIPROCITY." THEIR POSITION MAY BE ENHANCED IF FRENCH OR OTHERS SUCCEED IN CONVEYING IMPRESSION THAT EC IN ITS NEGOTIATING MANDATE MAY TAKE MORE FORTHCOMING POSITION TOWARD IMPORTS OF AGRICULTURAL

PRODUCTS FROM MAGHREB AND -- EVEN MORE IMPORTANT IN TUNISIA'S EYES -- TOWARD EXTENSION OF DEVELOPMENT COOPERATION IF MAGHREB STATE EXTEND "RECIPROCITY." HENCE, WE BELIEVE TIME PROBABLY RIGHT FOR ANOTHER FORMAL US REPRESENTATION ON SUBJECT AT APPROPRIATE LEVEL AT EARLY DATE. END SUMMARY.

2. BRITISH EMBOFF CONFIRMED THAT UK AMB. LATE LAST WEEK CALLED ON DEPUTY DIRECTOR POLITICAL AFFAIRS OF MOFA AND LEFT PAPER EXPLAINING UK POSITION IN REGARD TO RECIPROCITY AS REPORTED LONDON 3004. UK AMB DID NOT SEEK REACTION, AND BRITISH NO CERTAIN HOW APPROACH, WHICH WAS MADE IN LOW-KEY, MAY INFLUENCE TUNISIAN POSITION. BRITISH EMBOFF SAID THAT ALTHOUGH SOME GOT OFFICIALS OPPOSE REVERSE PREFERENCES IN PRINCIPLE, HE BELIEVED TUNISIAN AMBASSADOR TO EC KHELIL AND OTHER TUNISIAN OFFICIALS CONCERNED WITH COMMON MARKET MATTERS FAVOR EXTENSION OF RECIPROCITY. HE NOTED THAT, AFTER PERIOD OF RELATIVE INACTIVITY, EC WAS MOVING AHEAD ON NEW AGREEMENTS WITH MEDITERRANEAN COUNTRIES. HE THOUGHT EC WOULD PROBABLY SEEK DETERMINE POSITION OF THREE MAGHREB STATES IN REGARD TO RECIPROCITY THROUGH THEIR MISSIONS TO EC AND IMPLIED THAT THIS MIGHT BE DONE PRIOR TO OR SIMULTANEOUSLY WITH FORMULATION OF EC NEGOTIATING MANDATE. HE STATED IN CONFIDENCE THAT UK ENCOURAGING ANTI-RECIPROCITY AFRICAN ANGLOPHONE STATES (E.G. NIGERIA) TO "REMIND" GOT OF OAU DECLARATION AGAINST REVERSE PREFERENCES.

3. AS EXAMPLE AMBIGUITY TUNISIAN POSITION, HASSEN BOUSSOFFARA, SPECIAL ADVISOR IN MIN. NATIONAL ECONOMY ON INTERNATIONAL AFFAIRS WHO HAS PARTICIPATED IN GOT-EC NEGOTIATIONS, TOLD EMBOFF THAT WHILE GOT CONTINUED OPPOSE REVERSE PREFERENCES "IN PRINCIPLE", THESE PROBABLY REQUIRED UNDER GATT RULES. HE THEN NOTED THAT IN 10-15 YEARS TUNISIA WILL HAVE DEVELOPED SUFFICIENTLY TO JOIN LIMITED OFFICIAL USE

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COMMON MARKET OR A FREE TRADE AREA WITH EC. IN SUCH A FREE TRADE SITUATION, BOTH SIDES WOULD OFFER PULL RECIPROCITY. BOUSSOFFARA THEN DWELT AT CONSIDERABLE LENGTH ON NEED FOR "AGREEMENT FOR DEVELOPMENT" WITH EC GOING WELL BEYOND SIMPLE TRADE AGREEMENT. UNDER THIS CONCEPT, WHICH HAS BEEN STRESSED BY MIN. NATIONAL ECONOMY AYARI IN PAST, BOUSSOFFARA SAID PRIVATE INVESTORS AND GOVERNMENTS IN EC WOULD BE OBLIGATED PARTICIPATE IN

PROCESSING TUNISIAN RESOURCES (LARGELY CRUDE OIL, GAS, PHOSPHATES, LEAD AND ZINC) AND PROVIDE MARKET FOR FINISHED PRODUCTS RESULTING THEREFROM.

4. WE BELIEVE SOME OFFICIALS CONSIDER THAT DEPENDENCE OF EC MEMBERS ON ARAB OIL STRENGTHENS ITS HAND IN NEGOTIATION WITH EC. FOR EXAMPLE, DIRECTOR OF ENERGY AT MINISTRY NATIONAL ECONOMY TOLD EMBOFF THAT, CONTRARY TO PRESS REPORTS, GOT DOES NOT FEEL COMPELLED TO PARTICIPATE ONLY WITH EUROPEAN OIL COMPANIES IN ESTABLISHING LARGE EXPORT OIL REFINERY AT GABES IN ORDER ASSURE MARKET FOR REFINED PRODUCTS. WITH PROBABILITY CONTINUING ENERGY SHORTAGE, HE SAID, GOT CAN ASSURE MARKETING OF PRODUCTS OF REFINERY ANYWHERE ON FAVORABLE TERMS. AS RESULT, GOT NEGOTIATING WITH SEVERAL U.S. COMPANIES AS WELL AS COMBINED ITALIAN-FRENCH GROUP. HOWEVER, OFFICIATS LIKE BVOUSSOFFARA MIGHT LOOK AT CRUDE OIL AS SPECIAL CASE AND

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STILL BELIEVE SPECIAL ARRANGMENTS NECESSARY IN ORDER
ASSURE EUROPEAN PARTICIPATION IN PROCESSING OTHER
TUNISIAN RAW MATERIALS.

5. COMMENT: ALTHOUGH MINISTER AYARI HAS CONSISTENTLY
EXPRESSED HIS OPPOSITION TO REVERSE PREFERENCES WHENEVER
SUBJECT RAISED WITH HIM (MOST RECENTLY IN JULY 1973-
TUNIS 4071), WE BELIEVE THERE ARE SOME TUNISIAN
OFFICIALS WHO THINK "RECIPROCITY" MAY BE NECESSARY IN
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ORDER OBTAIN BEST POSSIBLE DEAL FROM EC. BELIEVE TUNISIAN
INTEREST NOT SO MUCH IN EXISTING TRADE POSSIBILITIES
AS IN OBTAINING EC ACCEPTANCE OF SOME FORM OF "AGREEMENT
FOR DEVELOPMENT." SINCE IT IS ALSO POSSIBLE THAT MAGHREB
VIEWS ON RECIPROCITY MAY INFLUENCE FORMULATION OF EC
NEGOTIATING MANDATE, WE BELIEVE THAT REPRESENTATION AS

SUGGESTED STATE 29674 PROBABLY DESIRABLE. IN ORDER
AVOID APPEARING QUESTION AYARI'S PAST ASSURANCES, WE
ANTICIPATE LOW-KEY APPROACH TO MIDDLE-LEVEL OFFICIAL
IN MIN NATIONAL ECONOMY OR MIN FOREIGN AFFAIRS. WE
BELIEVE POST A & B SUGGESTED PARA 2 REFTEL ARE SUITABLE
FOR APPROACH WITH SOME MODIFICATION FOR TUNISIAN CONDI-
TIONS. FOR EXAMPLE, BELIEVE WE MIGHT ADD TO POINT 2B
BY POINTING OUT POTENTIAL NEGATIVE EFFECTS OVER LONG RUN
ON TUNISIA'S EFFORTS ATTRACT GREATER US PRIVATE INVEST-
MENT AND TECHNOLOGY IF US TRADE BILL BECOMES LAW (IMMEDIATE
HARM TO TUNISIA IS PROBABLY NEGLIGIBLE). WE DOUBT THAT
REMINDER BY USG THAT MAGHREB POSITION ON REVERSE PREFERENCES
MIGHT UNDERMINE OR STRENGTHEN PRESENT UNITY AGAINST
RECIPROCITY AMONG AFRICAN STATES WOULD BE VERY HELPFUL
WITH TUNISIANS. WE CAN MAKE POINT, IF DESIRED, BUT
BELIEVE BETTER APPROACH IS THAT OF BRITISH IN PERSUADING
AFRICAN NATION MAKE PITCH, PARTICULARLY NOW WHILE
TUNISIANS ARE MOST CONSCIOUS OF ARAB-AFRICAN SOLIDARITY
(PERHAP ZAIRE WHICH HAS REPRESENTATION HERE?). WE
WOULD LIKE, HOWEVER, TO BE ABLE TO ADD IN OUR APPROACH
THAT MOST EC MEMBERS (EXCEPT FRANCE) BELIEVE EXTENSION OF
EC BENEFITS TO MAGHREB STATES IS NOT DEPENDENT UPON
REVERSE PREFERENCES AND THAT RECIPROCITY NOT RPT NOT
REQUIRED UNDER GATT RULES (IF THIS INDEED THE CASE).

6. BRITISH EMBOFF CONCERNED OVER POSSIBLE APPEARANCE
THAT USG AND HMG COORDINATING POSTION ON EC MATTERS SO
PLEASE PROTECT BRIT EMBASSY AS SOURCE OF PART OF ABOVE.
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